

Message Text

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PAGE 01 RABAT 04963 151537Z
ACTION NEA-10

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USDOE FOR SIEVERING

E. O. 11652: N/A
TAGS: ENRG EMIN TECH MO
SUBJ: OXY CHAIRMAN ARMAND HAMMER MEETS KING HASSAN AND SIGNS
MAJOR AGREEMENT OF INTENT WITH GOM

REF: RABAT 2733 (NOTAL)

1. SEVEN MAN OCCIDENTIAL PETROLEUM/HOLIDAY INN TEAM, IN
MOROCCO AT GOM'S INVITATION TO REOPEN NEGOTIATIONS ON
SETTLEMENT OF LONGSTANDING DISPUTE INVOLVING GOM'S
1972 TAKEOVER OF FOUR HOTELS WHICH HI HAD BUILT IN LATE
SIXTIES, CALLED AT EMBASSY AUGUST 14 FOR TWO-WAY
BRIEFING SESSION ON STATUS OF CASE AND CURRENT STATE OF
GOM THINKING.

2. DURING COURSE OF DISCUSSIONS, OXY VICE PRESIDENT
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PAGE 02 RABAT 04963 151537Z

KLEIN ADVISED THAT OXY'S CHIARMAN, DR. ARMAND HAMMER,
WAS PLANNING TO ARRIVE IN MOROCCO SAME EVENING AT
INVITATION OF KING HASSAN TO REVIEW PROSPECTS FOR
MAJOR PROGRAM OF COLLABORATIVE UNDERTAKINGS IN
MOROCCO'S PHOSPHATE AND PETROLEUM PROSPECTION SECTORS.
SINCE VISIT WAS PART OF EXTREMELY TIGHT SCHEDULE,
DR. HAMMER EXPECTED TO BE LEAVING MOROCCO EARLY FOLLOWING

MORNING.

3. ON MORNING AUGUST 15, KLEIN BRIEFED US ON RESULTS OF MEETING WITH KING, AS SPECIFICALLY REQUESTED BY DR. HAMMER, WHO ALSO PASSED ON REGRETS FOR BEING UNABLE TO COME PERSONALLY. KLEIN SAID THAT IN EVENING MEETING WITH HASSAN, WHICH COMMERCE MINISTER RHERHAYE, ENERGY MINISTER MOUSSA SAADI AND THREE OF FOUR ROYAL COUNSELLORS ALSO ATTENDED, DR. HAMMER SIGNED AGREEMENT OF INTENT COVERING THREE MAJOR AREAS OF OXY'S PROPOSED INVOLVEMENT IN MOROCCO:

- READINESS TO PARTICIPATE DIRECTLY IN MOROCCO'S OIL SHALE DEVELOPMENT PROGRAM, USING OXY'S MODIFIED IN SITU PROCESS
- READINESS TO UNDERTAKE COMPREHENSIVE OIL PROSPECTION EFFORT THROUGHOUT ENTIRE AREA OF MOROCCO
- READINESS TO CONSTRUCT A NEW PHOSPHRIC ACID PLANT IN MOROCCO USING OXY'S PATENTED PROCESSING TECHNOLOGY.

ALTHOUGH KLEIN COULD PROVIDE NO FURTHER DETAILS, HE SAID THAT DR. HAMMER WOULD HOLD PRESS CONFERENCE IN LONDON LATER IN DAY OF AUGUST 15 TO ANNOUNCE AGREEMENT AND POSSIBLY PROVIDE ADDITIONAL HIGHLIGHTS.

4. KLEIN COULD NOT CONFIRM THAT RESOLUTION OF OXY/HI DISPUTE WAS PART OF PACKAGE, BUT STATED THAT DR. HAMMER DID RAISE ISSUE BRIEFLY AT END OF MEETING, AND KING HAD LIMITED OFFICIAL USE

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PAGE 03 RABAT 04963 151537Z

REJOINED THAT QUOTE IT WOULD BE DONE UNQUOTE. SINCE NEGOTIATIONS ON HOTELS WERE TO BEGIN NOON TIME AUGUST 15, IT WAS FELT THAT GOM'S POSITION ON THIS ISSUE WOULD SOON BE KNOWN. COMMENT: WE THINK GOM IS NOW DEFINITELY INTERESTED IN DISPOSING OF THIS IRRITANT, ALMOST CERTAINLY RECOGNIZING THAT OXY WILL NOT MOVE ON OTHER PROPOSED ACTIVITIES UNTIL DISPUTE IS SETTLED, AS WE REPORTED SEPTEL. END COMMENT. KLEIN ALSO NOTED THAT HAMMER ATTENDED DINNER GIVEN BY MOUSSA SAADI AT WHICH HAMMER'S QUOTE OLD FRIEND UNQUOTE SOVIET AMBASSADOR TO MOROCCO GORUNOV WAS PRESENT.

5. ALTHOUGH KLEIN HAD OBTAINED ONLY BROAD LINES OF HAMMER'S CONVERSATION WITH KING, HE HAD HEARD THAT HASSAN HAD REVEALED FULL AWARENESS THAT MOROCCO WAS GOING THROUGH A DIFFICULT PERIOD ECONOMICALLY AND HAD DESCRIBED MOROCCO AS VIRTUALLY QUOTE AT WAR UNQUOTE WITH ALGERIA.

6. KLEIN CONCLUDED THAT IF STATEMENTS OF INTENT ARE CARRIED THROUGH, OXY'S PAST PRACTICES WOULD INDICATE EARLY COMMITMENT OF TECHNICAL TEAMS, OPENING OF OFFICE

AND EVENTUALLY SUBSTANTIAL PHYSICAL PRESENCE IN MOROCCO,
ESPECIALLY IN VIEW OF COMPANY'S MULTIPLE INVOLVEMENT
IN PHOSPHATE, PETROLEUM AND OIL SHALE SECTORS.

7. REQUEST EMBASSY LONDON REPORT WHATEVER DETAILS
DR. HAMMER PROVIDES IN PRESS CONFERENCE. MEANWHILE,
ABOVE INFO SHOULD BE STRICTLY EMBARGOED, AT OXY'S
SPECIFIC REQUEST.

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